This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L KATHMANDU 001978

SIPDIS

STATE FOR SA/INS
LONDON FOR POL - GURNEY
NSC FOR MILLARD

E.O. 12958: DECL: 10/13/2013
TAGS: PTER ASEC ENRG EINV CASC NP
SUBJECT: NEPAL: HYDROPOWER PLANT WITH US INVESTMENT TO
REOPEN AFTER FEAR OF MAOIST ATTACK

Classified By: DCM ROBERT K. BOGGS. REASON: 1.5 (B,D).

¶1. (C) After Nepali Army intelligence of an impending
Maoist attack forced its temporary shutdown on October 12,
the Bhote Koshi hydrolectric power plant will resume full
service late on October 14. Sam Nott, the American plant
manager, says he expects all staff to return to the site and
the 36 MW plant to be fully operative at about 5:00 p.m.
local time.

¶2. (C) Nott said the decision to close the plant and call
its seven personnel back to Kathmandu followed information
received from the Royal Nepal Army (RNA) early on October 12
that Maoist insurgents might be planning an attack in the
vicinity. According to Nott, the RNA said it had obtained
information from two independent sources that a known Maoist
operative had been observed apparently scouting around the
Bhote Koshi area. (Since late 2001 the RNA has maintained a
reinforced platoon of 75 soldiers to provide security for the
plant, which is located in Sindhupalchowk District, about 110
km northeast of Kathmandu. With the exception of Nott, whose
family lives in Kathmandu, all other employees are Nepali.
End note.) Although the RNA had advised against closing the
plant, asserting its troops could provide adequate security,
Nott said management had decided to err on the side of
caution with the temporary shutdown, which began at 1:30 p.m.
local time on October 12.

¶3. (C) Nott said he believed that in the intervening 45
hours the RNA, had succeeded in flushing out any Maoists in
the area who might have been planning an attack. He reported
that a 17-man RNA patrol (sent to augment the reinforced
platoon following the tip-off about a possible attack)
briefly clashed with "a small number" of suspected Maoists on
a cliff overlooking the plant late on October 12. One RNA
soldier was wounded by a socket bomb during the engagement;
it was unclear if the Maoists suffered any casualties. Nott
said he had been told that the patrol recovered socket bombs
and pressure cooker bombs from the site.   Since subsequent
patrols have uncovered no evidence of Maoist activity,
company management decided to reopen the plant.

¶4. (C) Although U.S. investors hold a 90 percent share in
the plant (which represents the largest single U.S.
investment in Nepal), Nott said he believes the RNA
detachment, rather than the plant itself, was most probably
the Maoists' target. Despite the Maoists' continuing
anti-American rhetoric, Nott noted that neither plant
management nor, as far as he knows, any individual employees
have received any threatening letters or extortion demands
from the insurgents. Because the road from Kathmandu to the
plant is comparatively well traveled, he does not believe
that the Maoists will mine the road (as they did the road to
a German power plant in Lamjung District on October 1).
Nonetheless, he said that plant management is varying the
times of its shift changes and is renting vehicles--rather
than relying on the readily identifiable Land Rovers
habitually used by the plant--to ferry employees and supplies
back and forth. As the lone American on site, he will
continue to "keep a low profile," he said, adding that he
frequently travels by motorcycle in order to appear like a
tourist.

¶5. (C) Comment: Nott seemed confident in the RNA's ability
to maintain security around the plant and expressed no fear
about returning to the site. He undertook to contact the
Embassy if he perceives conditions are deteriorating. The
Embassy maintains frequent contact with company management
and will continue to monitor the situation. At least for now,
we have no evidence that the hydroelectric plant or its US
investors were the target of any attack being planned.

MALINOWSKI